Date: 2/2/2010
GAIN Report Number: ID1002

Indonesia

Post: Jakarta

Rice Update

Report Categories:

Grain and Feed

Approved By:

Prepared By:
Sugiarti Meylinah/Jonn Slette

Report Highlights:
Despite the predicted El Nino that would hit Indonesia during the period of the first crop, Indonesian rice production is estimated to continue growing by 1.27 percent to 38.8 MMT milled rice equivalent in marketing year (MY) 2010. Therefore, Indonesia is unlikely to increase rice imports this year.

General Information:

Production:

I. SITUATION AND OUTLOOK

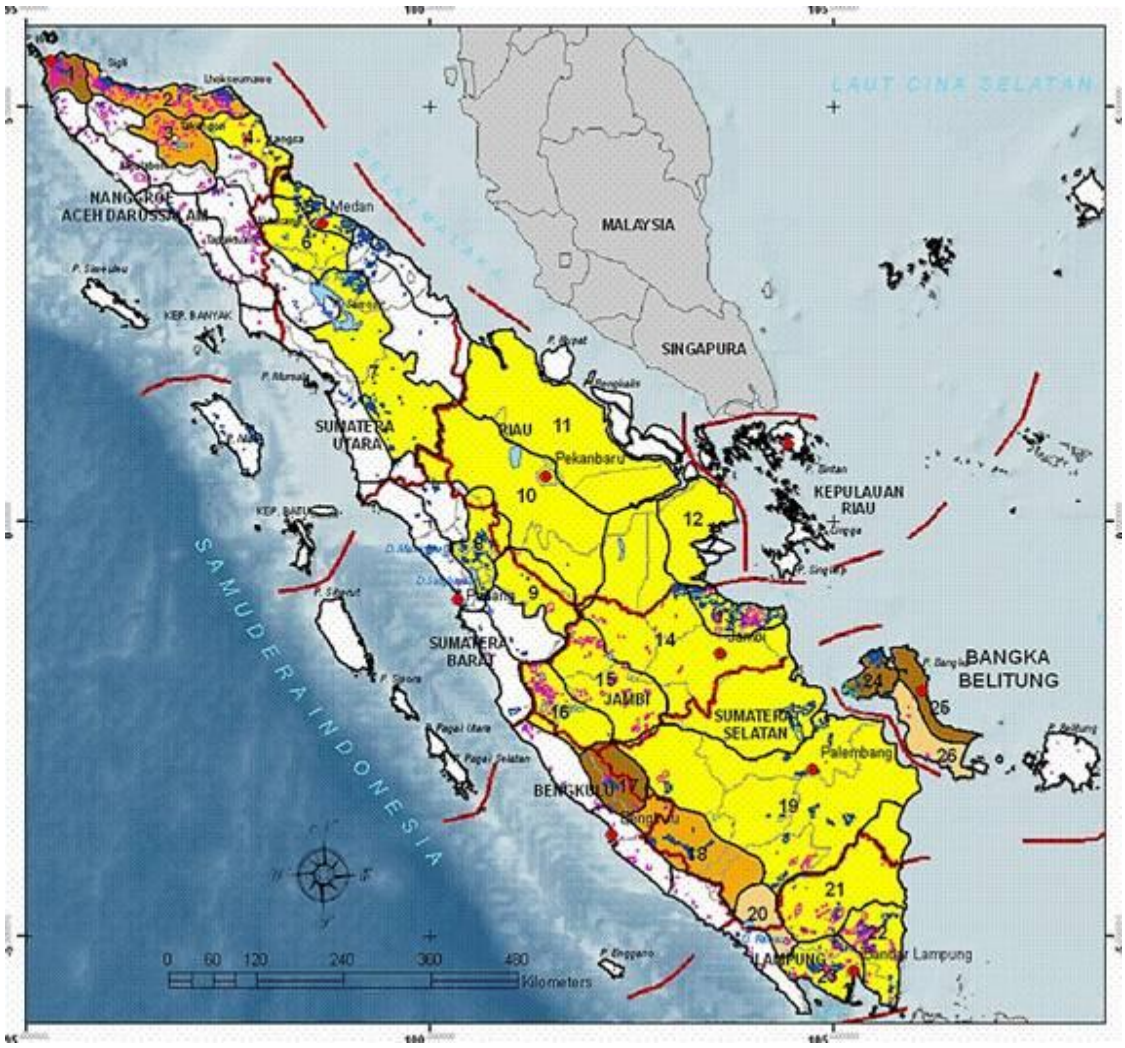
Moderate El Nino Impact on Indonesia

According to the Indonesian Meteorology, Geophysics, and Climatology Agency (BMKG), four climatology factors routinely impact the Indonesian climate. These include: 1) El Nino and La Nina; 2) Positive Dipole Mode and Negative Dipole Mode; 3) Indonesian Sea Surface Temperature; and 4) Monsoon Winds. El Nino is characterized by warming of water surface in the tropical eastern Pacific Ocean, while La Nina is characterized by the cooling of the tropical eastern Pacific Ocean. Dipole Mode is a flow of evaporation mass from western Indonesia to eastern Africa or vice versa. Positive Dipole Mode occurs when evaporation mass flows from western Indonesia to eastern Africa, while Negative Dipole Mode occurs when evaporation mass flows from eastern Africa to western Indonesia. Dipole Mode takes place in Indian Ocean.

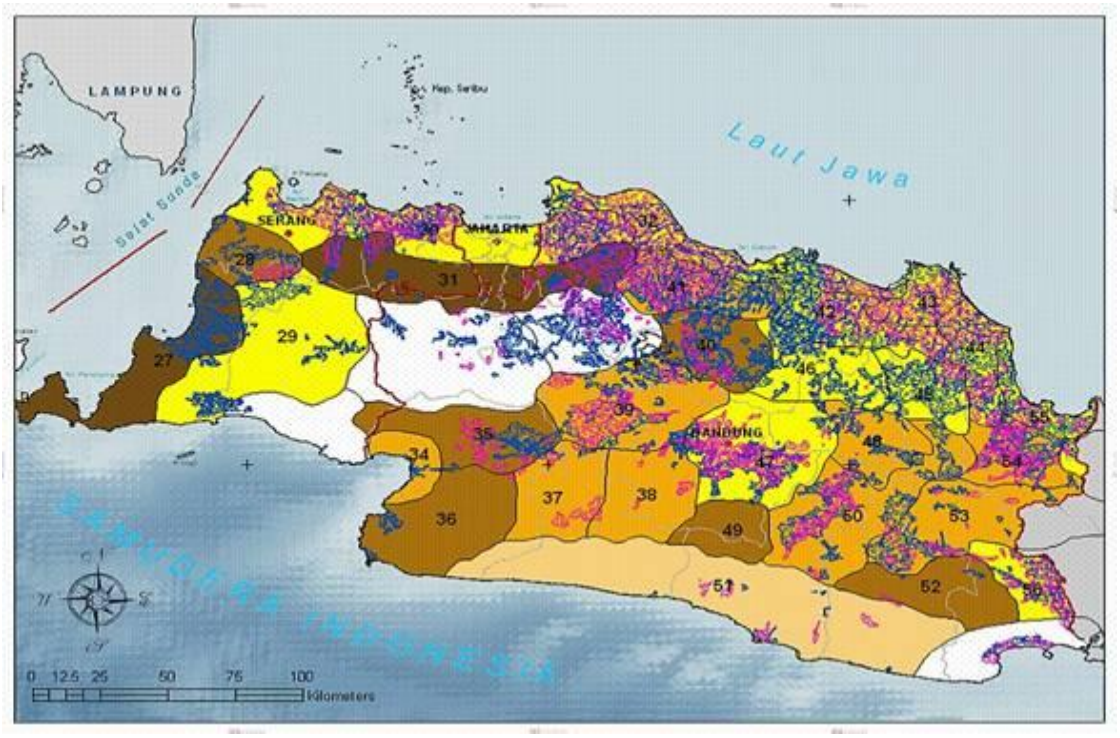
On July 17, 2009, Indonesian BMKG held a press conference attended by the Indonesian rice stakeholders explaining the possibility of El Nino in Indonesia. When compared to its normal start over a 30 year average, the 2009/10 El Nino will delay the rainy season in about 55 percent of the production areas in Indonesia. Therefore, the rice harvest in these affected areas will be delayed by approximately 30 days. However, yields are expected to be slightly higher due to improved quality of seed. The GOI expects production to be higher by 4.7 percent, with Bulog expecting production to continue growing by 3 percent in MY 2009/10. Post expects the production to increase by 1.27 percent during the same period.

The Beginning of 2009-2010 Rainy Seasons in Indonesian Major Rice Producing Areas

Sumatera

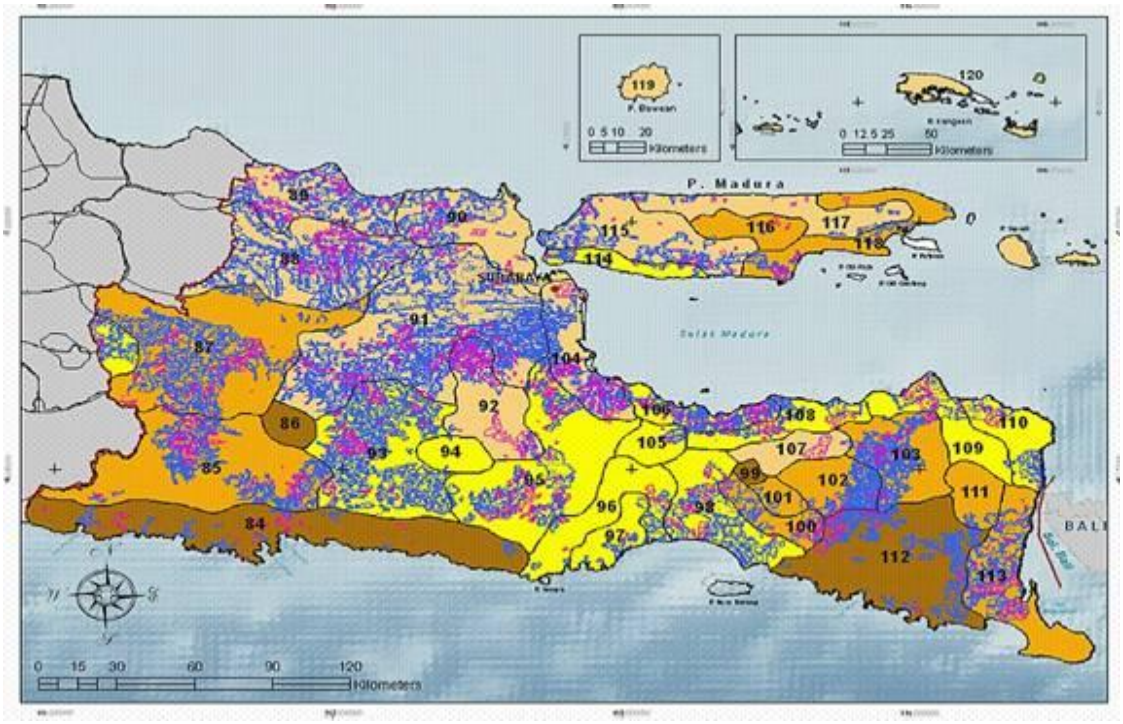


West Java

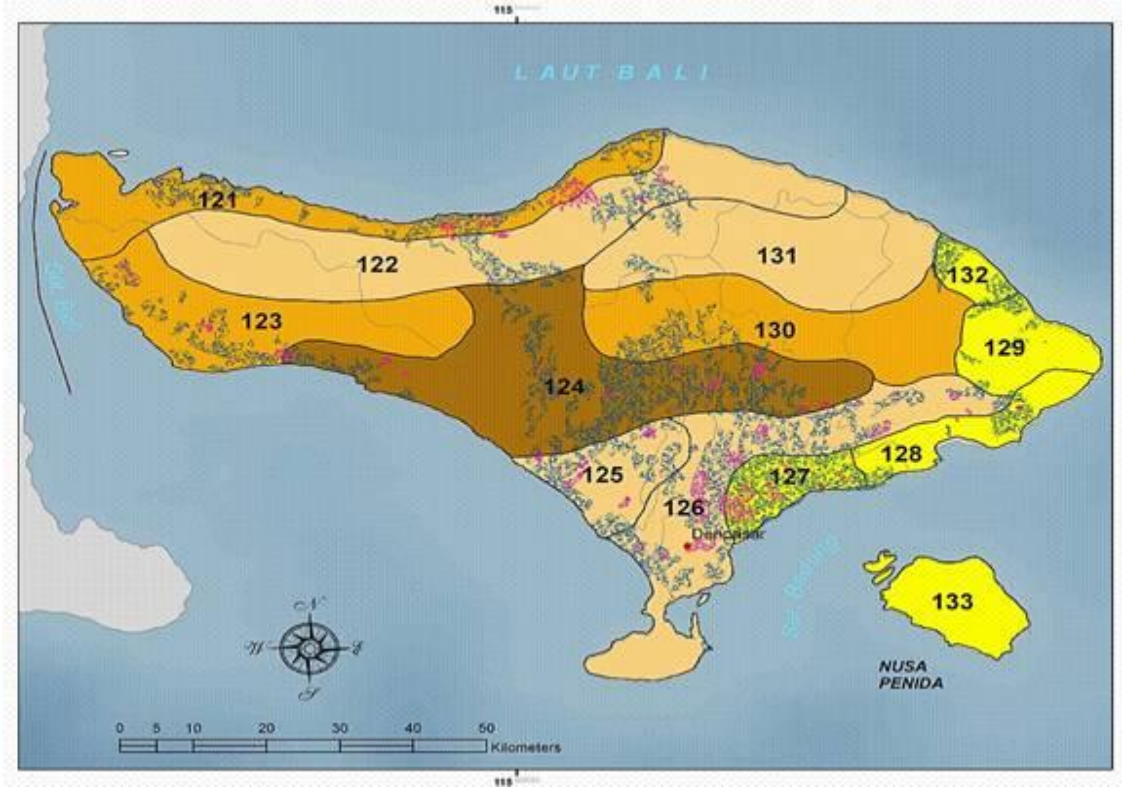


Central Java

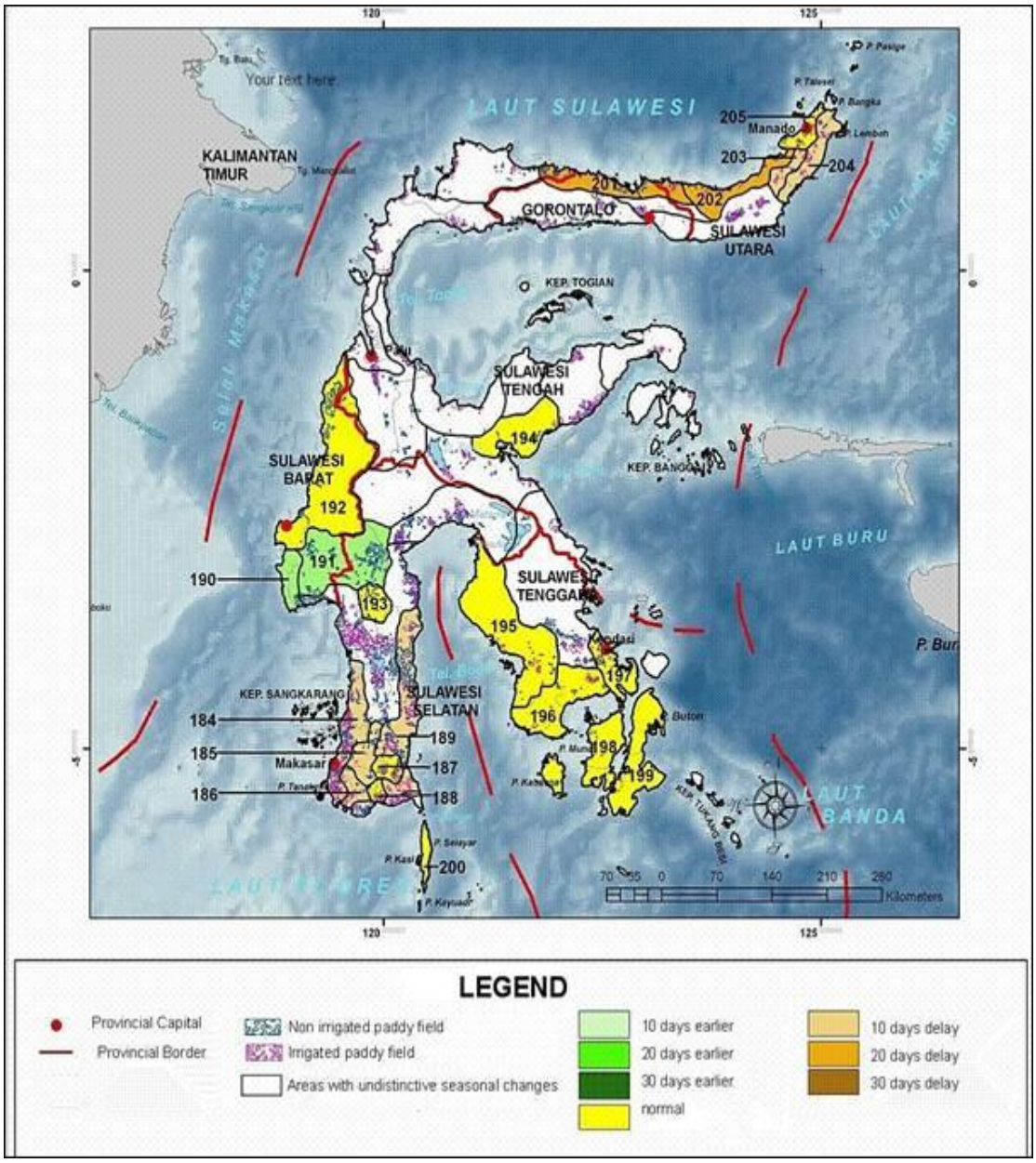
East Java



Bali



Sulawesi



Source: BMKG

Availability of Irrigation Water

Directorate of Water Resources Management, Ministry of Public Works reported that as of September 2009 the condition of water elevation in major water reservoirs in Indonesian major rice producing areas is as follows:

- West Java

Three major water reservoirs namely Waduk Djuanda, Cirata, and Saguling were in normal conditions.

- Central Java

Two major water reservoirs namely Waduk Sempor and Wadaslintang were in normal conditions while the other two, Waduk Kedungombo and Gajah Mungkur were below normal conditions.

- Yogyakarta

Waduk Sermo was in normal conditions

- East Java

Three major water reservoirs namely Waduk Selorejo, Bening, and Wonorejo were in normal conditions. Other two major water reservoirs, Waduk Sutami and Lahor were below normal levels.

- Lampung

Waduk Batutegi was in an alert condition of being below normal levels.

- South Sulawesi

Waduk Bili bili was in normal condition

- West Nusa Tenggara

Eight major water reservoirs were below normal levels.

Water availability in these reservoirs can continue to irrigate paddy fields although there is a one-month delay of the 2009/10 rainy season.

Production Outlook

During Post's recent field trip, the following conditions were observed:

- October 2009

The normal period for the first rice crop generally starts in October. In October 2009, the rainy season did not start in most Indonesian production areas. While this had an impact on farmers whose fields were strictly rainfed, farmers whose fields were irrigated could start planting the paddy field on time. Another important factor is that since 2007, more and more farmers have switched to planting Ciherang, a high yielding seed variety which provides higher yields over IR 64, which has been the primary variety planted in Indonesai for the past 40 years. Ciherang does not require intensive inputs, and has a similar flavor and growing period as IR 64. Ciherang's increased yields are expected to offset any decrease in harvested areas due to drier than average conditions

- November 2009

According to BMKG, in November 2009 the rainy season started in 162 seasonal zones (73 percent) in Indonesia. Farmers in rainfed ares began planting their paddy fields, with some farmers also planting secondary crops such as corn and soybeans.

- December 2009

In December the rainy season started in 63 additional Indonesian seasonal zones (100 percent). To further encourage farmers to grow rice, on December 29, 2009, the GOI issued the Presidential Instruction Number 7, 2009, increasing the *Harga Pembelian Pemerintah* (HPP). This instruction authorized the government to increase the price of paddy and rice by an additional average of 10 percent.

Government Purchasing Price
Based on the Presidential Instruction no. 2/2009

Type	Moisture Content (Percent)	Government Purchasing Price (HPP)					
		2008*		2009*		2010**	
		Rp./Kg.	US$/Ton	Rp./Kg	US$/Ton	Rp./Kg	US$/Ton
Wet paddy (GKP) at farmer level	25	2,200	185	2,300	202	2,640	285
Wet paddy (GKP) at milling level	25	2,240	188	2,440	205	2,685	289
Dry paddy (GKG) at milling level	14	2,800	235	3,000	252	3,300	356
Dry paddy (GKG) at Bulog storage	14	2,840	239	3,040	255	3,345	361
Rice at Bulog storage	14	4,300	361	4,600	387	5,060	546

Note:

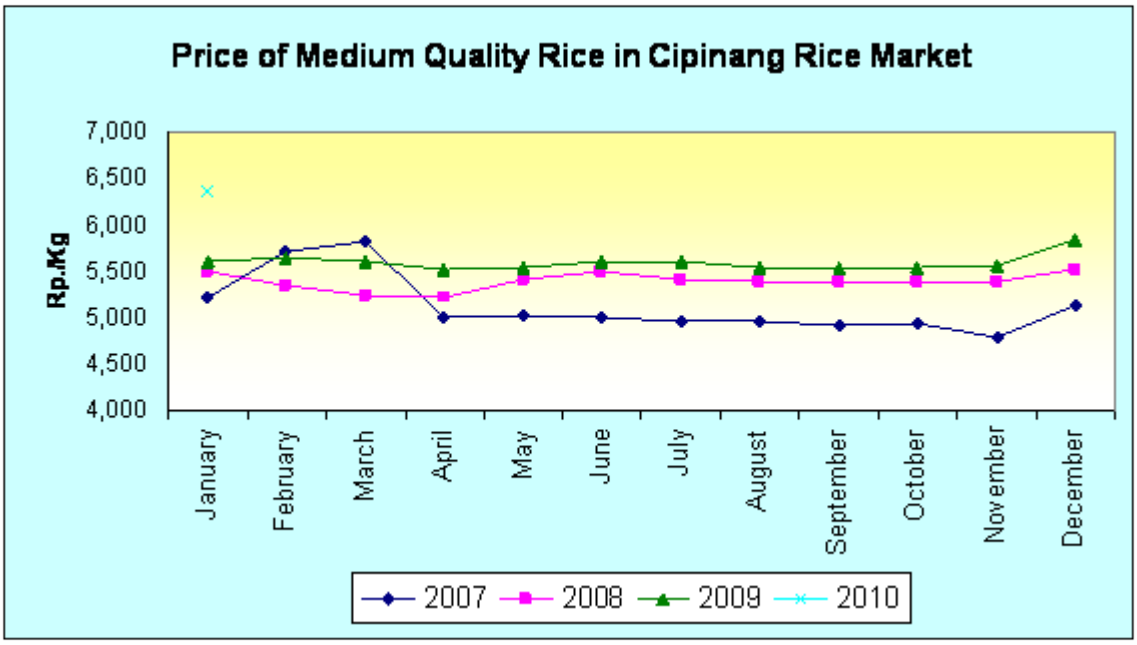
*: Exchange rate was Rp. 11,900/US$ 1, as of March 2009

**: Exchange rate was Rp. 9,275/US$ 1, as of January 31, 2010

The increase of HPP, combined with the normal off season period, have increased rice prices. In January 2010, the wet paddy prices in Java were as follows:

- Rp. 2,700/kg (US$ 291/ton) in East Java,
- Rp. 3,000/kg (US$ 323/ton) in Central Java,
- Rp. 3,500/kg (US$ 377/ton) in Madura island, and
- Rp. 3,800/kg (US$ 410/ton) in West Java.

The following chart shows the price movement of medium quality rice.



Source: Cipinang wholesale rice market.

Bulog's 2009 ending stocks were 1.7 MMT, also including the government rice reserve of 500 TMT. If the price of rice increases by more than 25 percent and remains at that level longer than one month, Bulog may release rice from the reserve to stabilize rice prices. Bulog may also release additional levels of rice based on requests from provincial governments. Additionally, Bulog plans to use its rice reserves in the event of any natural disasters.

Due to the levels of rice stocks currently held by Bulog, in 2010 Bulog will procure 3.2 MMT of Indonesian milled rice. This represents a 16 percent decrease when compared to the 3.8 MMT procured domestically in 2009. For 2010, Bulog is authorized to distribute raskin to 17.5 million families. Each family will receive a monthly ration of 15 kg of rice for 12 months at the price of Rp. 1,600/kg (US$ 173/ton). A total of 3.15 MMT of rice is allocated for this program.

- January 2010

Rainfall levels continued and were sufficient to water paddy fields. Some areas such as Sukamandi and Karawang in West Java harvested the first crop, but the quantity has not been sufficient to lower rice prices. Some areas in Java are also beginning to plant the second crop.

- February 2010

By the end of February, most of the rice major producing areas in Java will harvest the paddy. The harvest will continue until early April 2010.

At present, the impact of the El Nino has been moderate. Though plantings were delayed in major production areas by four to six weeks, the current condition of the first crop is on track for normal yields. Post estimates that in MY 2009/10, Indonesian rice production will increase slightly by 1.27 percent, equating to 38.8 MMT of milled rice equivalent. Post expects that imports will remain at 250,000 MT, mostly consisting of specialty rice.

Production, Supply and Demand Data Statistics :

PSD: Rice, Milled

Rice, Milled Indonesia	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Area Harvested	11,900	11,900	11,900	12,170	12,170	12,170	12,000	12,020	11,950
Beginning Stocks	4,607	4,607	4,607	5,607	5,607	5,607	7,057	7,057	7,057
Milled Production	37,000	37,000	37,000	38,300	38,310	38,310	37,000	37,600	38,800
Rough Production	57,364	57,364	57,364	59,380	59,395	59,395	57,364	58,295	60,155
Milling Rate (.9999)	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450
MY Imports	350	350	350	250	250	250	300	300	250
TY Imports	350	350	350	250	250	250	300	300	250
TY Imp. from U.S.	1	0	0	0	0	0	0	0	0
Total Supply	41,957	41,957	41,957	44,157	44,167	44,167	44,357	44,957	46,107
MY Exports	0	0	0	10	10	10	0	0	20
TY Exports	0	0	0	10	10	10	0	0	20
Consumption and Residual	36,350	36,350	36,350	37,090	37,100	37,100	37,400	37,400	37,600
Ending Stocks	5,607	5,607	5,607	7,057	7,057	7,057	6,957	7,557	8,487
Total Distribution	41,957	41,957	41,957	44,157	44,167	44,167	44,357	44,957	46,107
Yield (Rough)	5.	5.	4.8205	5.	5.	4.8804	5.	5.	5.0339
TS=TD			0			0			0

Note: Not official USDA data.

Author Defined:

II. STATISTICAL TABLES

Rainfall Pattern at Selected Station in Rice/Corn Producing Areas
(in millimeters, except where stated)

JATIWANGI (WEST JAVA)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	455	380	371	227	151	79	48	36	49	122	269	419

2000	311	146	263	209	138	39	1	11	0	12	n/a	117
2001	147	133	Na	na	na	106	11	0	60	64	155	54
2002	252	na	101	207	21	48	11	0	0	0	180	113
2003	86	215	99	46	97	3	0	0	13	26	53	117
2004	485	215	388	99	55	24	17	0	10	5	210	166
2005	354	202	277	193	101	51	59	16	19	62	169	125
2006	246	417	283	298	320	21	17	0	0	-	48	344
2007	405	438	209	315	62	77	6	85	1	20	216	190
2008	651	208	436	160	83	32	0	4	1	44		493
2009	231	208	279	211	57	n/a	0	0	1	53	398	191

TEGAL (CENTRAL JAVA)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	356	335	250	117	116	70	55	36	26	55	112	236
2000	271	240	230	60	25	20	2	0	8	21	184	106
2001	232	253	163	223	27	30	55	1	12	35	292	160
2002	375	106	103	81	101	42	55	0	0	1	76	39
2003	306	424	251	100	24	17	0	1	7	51	32	151
2004	431	172	201	142	47	28	51	0	26	3	90	313
2005	242	173	268	130	116	83	72	78	72	28	60	227
2006	375	244	272	211	202	15	0	5	0	-	106	222
2007	118	276	99	154	131	137	32	4	0	17	153	437
2008	229	169	295	277	19	85	21	35	2	74		259
2009	140	169	112	60	161	n/a	0	1	20	8	92	57

SURABAYA (EAST JAVA)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	310	255	237	145	94	51	23	15	22	45	126	231
2000	422	255	151	223	105	48	0	0	0	101	151	119
2001	231	204	552	232	77	149	91	0	0	91	120	419
2002	544	209	131	121	167	1	102	0	0	0	36	180
2003	543	402	275	103	117	52	0	0	0	0	178	142
2004	474	573	602	80	85	69	35	0	1	0	124	185
2005	214	226	380	255	169	145	123	6	8	94	79	417
2006	301	716	320	196	294	45	0	0	0	-	11	92
2007	108	494	293	193	40	75	4	0	0	12	62	173
2008	250	124	144	132	22	17	0	0	0	59		269
2009	357	124	204	164	256	n/a	0	0	0	0	25	166

DENPASAR (BALI)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	345	274	234	88	83	53	56	25	48	63	179	276
2000	365	412	309	404	177	46	35	0	3	142	331	15
2001	574	209	169	57	5	34	11	1	2	95	29	329
2002	284	398	61	36	9	2	11	0	3	0	82	207
2003	627	214	39	155	72	8	4	10	97	6	142	380
2004	172	278	257	47	147	19	48	3	16	4	88	319
2005	280	96	170	177	16	27	2	60	1	199	120	295
2006	365	284	397	243	56	19	2	8	0	-	4	92
2007	209	165	354	310	18	22	2	40	1	78	76	567
2008	419	403	246	93	65	25	8	1	6	121		268
2009	442	403	172	59	49	n/a	23	1	32	14	28	257

UJUNG PANDANG (SOUTH SULAWESI)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	734	533	391	235	127	66	66	15	32	83	273	549
2000	496	670	325	157	131	205	27	1	14	123	427	365
2001	724	851	682	218	97	53	0	0	20	216	346	995
2002	523	299	386	398	139	17	0	0	6	9	103	290
2003	586	586	293	172	157	18	13	14	20	25	266	656
2004	435	480	463	244	82	43	1	0	0	16	128	722
2005	348	174	222	187	84	5	16	1	0	145	349	456
2006	624	516	371	226	171	151	2	15	0,4	-	84	321
2007	821	618	49	138	107	124	9	18	26	28	166	854
2008	507	762	255	100	15	78	27	5	6	83		481
2009	617	762	196	158	132	n/a	32	1	81	32	151	370

LAMPUNG

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	281	299	241	177	99	95	77	83	83	93	171	248
2000	201	267	141	128	14	63	72	107	25	118	124	79
2001	79	156	37	79	123	13	70	39	108	161	114	284
2002	293	26	550	150	49	14	70	2	0	0	31	131
2003	65	188	111	78	33	8	37	2	69	57	76	99
2004	224	258	167	240	92	71	78	10	15	42	8	249
2005	252	255	327	115	102	113	58	86	29	128	37	179
2006	267	194	158	174	55	91	54	0	0	-	15	257
2007	358	59	59	305	-	122	86	20	18	26	73	431
2008	198	126	199	171	38	35	26	109	27	147		313
2009	233	126	218	143	94	n/a	15	58	21	152	176	102

Source: Indonesian Meteorology, Geophysics, and Climatology Agency (BMKG)

Recapitulation of Irrigated Areas in 2005

(In Ha)

Island	Simple	Semi Technical	Technical	Total
Sumatera	192,784	499,854	1,590,585	2,283,223
Java and Bali	324,850	438,429	2,466,607	3,229,887
Nusa Tenggara	25,680	125,369	131,673	282,722
Kalimantan	91,541	48,352	140,915	280,808
Sulawesi	30,933	142,164	437,654	610,751
Maluku & North Maluku	15,073	370	14,425	229,868
Papua	2,381	2,659	0	5,040
Total	683,242	1,257,197	4,781,860	6,722,299

Source: Ministry of Public Works.

Indonesian Rice Production and Imports

in relation to the Level of El Nino

Year	El Nino Level	Production, Milled Rice (1000 MT)	Imports (1000 MT)

1990		29,366	77
1991		29,042	192
1992		31,350	539
1993		31,318	22
1994	Strong	30,315	1120
1995		32,333	3081
1996		33,215	1081
1997	Strong	32,084	839
1998		31,118	5765
1999		32,147	3729
2000		32,800	1500
2001	Strong	32,960	1500
2002		32,960	3500
2003		33,411	2750
2004		35,024	650
2005		34,830	500
2006		34,959	539
2007		35,300	2000
2008		37,000	350
2009		38,300	250
2010 *		38800	250

Source: USDA.

Note: Exchange rate is Rp. 9,275/US$ 1, as of January 31, 2010.